

FOR YOUR INFORMATION

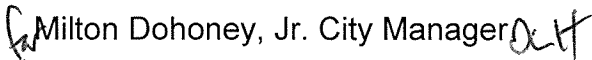
City of Cincinnati



Interdepartmental Correspondence Sheet

Date: May 31, 2013

To: Mayor and Members of City Council

From:  Milton Dohoney, Jr. City Manager

Subject: **2013 First Quarter Small Business Enterprise (SBE) Report**

Attached is the 2013 first quarter SBE Report. The quarterly SBE Report is part of the implementation of the OPEN Cincinnati Task Force's recommendation. The quarterly SBE Reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to follow. The City's SBE annual categorical goals are 30% construction, 15% supplies/services and 15% professional services of the total dollars spent. Presently there are 442 certified Small Business Enterprises (SBEs) (including 16 Banks SBEs) in a pool of about 10,878 registered vendors, which compete for City business. The SBEs represent only 4.0% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City accomplished spending 24.5% or \$12,345,275 with certified SBEs in this first quarter. The categorical breakout for spending equals 31.6% construction, 15.4% professional services and 9% supplies/services. The City's 2013 first quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 25.6% or \$7,130,352 overall. The categorical breakout for the Cincinnati jurisdiction equals 33.0% construction, 12.2% professional services and 13.4% supplies/services. (The distinguish between Hamilton County and Cincinnati for reporting purpose is done by zip codes and not street addresses. Some zip codes are dual.)

The targeted group for the Council adopted SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The Council adopted SBE program is race and gender neutral. However, the City tracks and reports its expenditures with certified SBEs that have voluntarily provided information on race and gender through the SBE application process. The voluntary information vendors provide on race and gender is not verified.

In first quarter 2013, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$2,656,176 or 21.5%. The City's SBE spend with women SBEs in first quarter 2013 was \$3,769,163 or 30.5%¹. The first quarter 2013 City's SBE spend with African-American SBEs (Cincinnati's largest minority demographic group) was \$1,653,601 or 13.4%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. These demographic comparisons are based upon total SBE spend.

¹ To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.
City Memo FYI.2013 First Quarter SBE Report

2013 First Quarter Certification

Certification is for two years at which businesses must renew their certification. If businesses do not renew, the certification expires. OCC received 100 SBE applications in first quarter 2013, some were first-time applicants and some were renewals. To date, OCC has 442 certified SBEs (including 16 Banks SBEs) in the data base.

The Office of Contract Compliance has created a streamlined certification process that will significantly decrease paperwork for some applicants. Since the State of Ohio's EDGE Program certification process and the Small Business Administration 8(a) Program certification process are predominately similar to the City's, these two certifying agencies certificates have been approved for the City's streamlined certifications. Applicants holding certificates from these two agencies may be allowed to go through a streamlined process for City certification. The streamlined process only includes a one page application, an affidavit, submittal of the approved agency's certificate and a site visit. In the first quarter, OCC received ten (10) streamlined certification applications.

2013 First Quarter Outreach Highlights

In January, OCC joined the Community Development Department, the Finance Department and the SRL consulting team in hosting a demolition outreach event at TechSolve Business Park. The purpose was to get word out to SBE demolition contractors on the grant funds the City received for demolishing a substantial amount of structures. OCC shared information on the SBE Program, the bidding opportunities and incentives for City-certified SBEs.

In February, OCC joined the Department of Transportation, the Finance Department and the SRL Consulting team in hosting a street pavement outreach event at TechSolve Business Park. This entailed informing prime contractors and City-certified SBEs on upcoming contracts to be let for street repairs. This session was well attended and provided rich discussions around subcontracting opportunities for SBEs and involved networking between large vendors and certified SBEs.

In March, OCC was invited by SCORE to present at its monthly meeting about the SBE Program. The presentation gave an overview of the Council adopted SBE Program. In addition, SCORE was encouraged to direct small businesses to the City for certification and other business services. The response by SCORE was very favorable.

The OCC's television show, *Government and Small Business*, which airs six days a week on CitiCable provided useful information during the first quarter. This television programming accomplishes multiple objectives. It is a means to showcase certified SBEs, giving them exposure to City departments and the local community while also channeling vital information to, for and about small businesses. In January, the show featured Deanna Brown, Interim Purchasing Agent. This show delineated bidding processes and options to viewers and gave detailed information on the purchasing process. In Feb, the guest was Accent Signs. Accent Signs is a certified SBE and a woman-owned company. Accent Signs was a subcontractor on the Banks Project and provided signs for the public garage and on one of the restaurants at the Banks. In March, the featured certified-SBE was Rise Business Solutions. Rise Business Solutions provide marketing services which includes social media marketing to other businesses.

2013 First Quarter SBE Spend Report

The 2013 first quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend. The SBE spend report provides information broken down by geographical boundaries and categories representing the spending activity by the City with certified SBEs. The City's SBE annual categorical goals are 30% construction, 15% professional services and 15% supplies/services. The data is generated from the Cincinnati Financial

System (CFS) using object codes and the online tracking system of SubContrak. The SubContrak system is an automated technically coded tracking system that captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect spend happens when payment is made to a certified SBE through a subcontracting scenario. The first quarter SBE vendor spend for construction is 31.6%, it is 15.4% for professional services and 9.0% for supplies/services. The quarterly SBE Reports allow the City Administration to make an assessment of where they are in meeting the annual categorical goals and strategize or plan for the months to follow.

2013 First Quarter SBE Spend Report by Race and Gender

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application. Race and gender information provided by businesses is not confirmed because the Council adopted SBE Program is race and gender neutral.

Conclusion

The quarterly reports are a snapshot of how the City is doing in reaching the annual categorical goals. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the annual categorical goals of 30% construction, 15% professional services and 15% supplies/services. The information gathered each quarter is used to strategize for the coming months in meeting and/or exceeding the annual categorical goals.

C: David Holmes, Assistant City Manager
Rochelle Thompson, Contract Compliance Officer 

City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures*
Between 1/1/2013 and 3/31/2013

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$10,250,824	\$22,196,106	\$32,446,929	31.6%
Prof Services	\$1,161,001	\$6,395,361	\$7,556,362	15.4%
Supplies/Services	\$933,450	\$9,466,525	\$10,399,975	9.0%
GRAND TOTAL	\$12,345,275	\$38,057,992	\$50,403,267	24.5%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$5,821,523	\$11,839,243	\$17,660,766	33.0%
Prof Services	\$630,850	\$4,520,587	\$5,151,438	12.2%
Supplies/Services	\$677,979	\$4,374,267	\$5,052,247	13.4%
GRAND TOTAL	\$7,130,352	\$20,734,098	\$27,864,450	25.6%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$10,250,824	\$33,435,191	\$43,686,015	23.5%
Prof Services	\$1,161,001	\$9,526,048	\$10,687,049	10.9%
Supplies/Services	\$933,450	\$17,357,409	\$18,290,860	5.1%
GRAND TOTAL	\$12,345,275	\$60,318,648	\$72,663,923	17.0%

Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

*** MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures*
Between 1/1/2013 and 3/31/2013

SBE Minority/Female Spend in Hamilton County																
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared	Total SBE Vendors
Construction	\$1,239,784	12.1%	\$979,279	9.6%	\$0	0.0%	\$0	0.0%	\$2,219,063	21.6%	\$2,954,493	28.8%	\$5,076,720	49.5%	\$548 0.0%	\$10,250,824
Prof Services	\$171,539	14.8%	\$23,296	2.0%	\$0	0.0%	\$0	0.0%	\$194,835	16.8%	\$323,781	27.9%	\$639,367	55.1%	\$3,018 0.3%	\$1,161,001
Supplies/Services	\$242,278	26.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$242,278	26.0%	\$490,889	52.6%	\$200,211	21.4%	\$72 0.0%	\$933,450
GRAND TOTAL	\$1,653,601	13.4%	\$1,002,574	8.1%	\$0	0.0%	\$0	0.0%	\$2,656,176	21.5%	\$3,769,163	30.5%	\$5,916,299	47.9%	\$3,638 0.0%	\$12,345,275

SBE Minority/Female Spend in Cincinnati																
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared	Total SBE Vendors
Construction	\$667,553	11.5%	\$4,890	0.1%	\$0	0.0%	\$0	0.0%	\$672,444	11.6%	\$1,052,918	18.1%	\$4,095,613	70.4%	\$548 0.0%	\$5,821,523
Prof Services	\$104,702	16.6%	\$800	0.1%	\$0	0.0%	\$0	0.0%	\$105,502	16.7%	\$195,385	31.0%	\$326,945	51.8%	\$3,018 0.5%	\$630,850
Supplies/Services	\$150,176	22.2%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$150,176	22.2%	\$392,983	58.0%	\$134,748	19.9%	\$72 0.0%	\$677,979
GRAND TOTAL	\$922,431	12.9%	\$5,690	0.1%	\$0	0.0%	\$0	0.0%	\$928,122	13.0%	\$1,641,286	23.0%	\$4,557,306	63.9%	\$3,638 0.1%	\$7,130,352

SBE Minority/Female Spend regardless of Location																
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared	Total SBE Vendors
Construction	\$1,239,784	12.1%	\$979,279	9.6%	\$0	0.0%	\$0	0.0%	\$2,219,063	21.6%	\$2,954,493	28.8%	\$5,076,720	49.5%	\$548 0.0%	\$10,250,824
Prof Services	\$171,539	14.8%	\$23,296	2.0%	\$0	0.0%	\$0	0.0%	\$194,835	16.8%	\$323,781	27.9%	\$639,367	55.1%	\$3,018 0.3%	\$1,161,001
Supplies/Services	\$242,278	26.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$242,278	26.0%	\$490,889	52.6%	\$200,211	21.4%	\$72 0.0%	\$933,450
GRAND TOTAL	\$1,653,601	13.4%	\$1,002,574	8.1%	\$0	0.0%	\$0	0.0%	\$2,656,176	21.5%	\$3,769,163	30.5%	\$5,916,299	47.9%	\$3,638 0.0%	\$12,345,275

This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

Companies race/gender status is subject to changes based upon a change in ownership or change in reported information by company.

* MSD has its own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance

Information on race/gender is not verified or confirmed. The City's SBE Program is race/gender neutral.